



# Arizona Ready K-20 Funding Taskforce

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July 8, 2013



# Arizona Ready K-20 Funding Taskforce

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- Overview of Recent School Finance Changes
- Outstanding Issues in School Finance
- Review Process Going Forward

# Arizona Ready K-20 Funding Taskforce

## K-12 Operating

(millions)

Base Level Increase	\$82.0
Payoff Rollover for Small Schools in FY 2013	\$21.9
Data System (funded at ADOA)	\$7.0
Adult Education	\$4.5
School Safety	\$3.6
Performance Funding	\$2.4
Fund Small JTEDs at 100% (currently funded at 91%)	\$1.2
Consolidate CORL and Soft Capital Formulas	
<b>Subtotal</b>	<b>\$122.7</b>

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## K-12 Capital

(millions)

Building Renewal Grants	\$16.7
Increase Bonding Caps Permanently	
Eliminate Moratorium on New Construction	
Eliminate Building Renewal Formula	
Eliminate 3-Year Construction Window	
<b>Subtotal</b>	<b>\$16.7</b>

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**K-12 Total:** **\$139.4 Million**

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## University System

(millions)

Parity Funding – ASU and NAU	\$15.3
Performance –Based Funding	\$5.0
UA College of Medicine - Phoenix	\$8.0
WICHE State Subsidy Repayment	
University Debt Obligation Reporting	
<b>Subtotal</b>	<b>\$28.3</b>

## Community Colleges

Capital Formula Funding (Excluding Maricopa and Pima)	\$2.0
Operating Formula Funding	(\$1.6)
Equalization Formula Funding	(\$1.0)
<b>Subtotal</b>	<b>(\$0.6)</b>

**Higher Education Total:** **\$27.7 Million**

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- SB 1293 – Creates a simulated outcome-based funding pilot program
- SB 1363 – Expands the amount for ESA accounts and allows kindergarteners who would otherwise qualify to receive an ESA account
- SB 1447 – Makes the following school finance changes:
  - Allows charter school students to generate ADM for JTEDs similarly to school district students
  - Allows charters to receive state funding for qualifying pre-school children with disabilities
  - Allows Red Mesa USD to repay its overexpenditures over a five-year period
- HB 2265 – Changes the name of community college capital outlay funding to Science, Technology, Engineering, Math, (STEM) and Workforce funding
- HB 2489 – Allows Industrial Development Authorities to issue tax-free bonds for student loans under certain conditions
- HB 2499 – Creates a “Centralized Lease Campus” that generates similar levels of funding as centralized campuses owned by a JTED under certain conditions
- HB 2543 – Stipulates that out-of-county reimbursement payments are reduced by the amount of any non-qualifying levy for a provisional college district

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- Outstanding Issues in School Finance
  - K-12 Performance Funding
  - District-Sponsored Charter Schools

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- K-12 Performance Funding
  - Laws 2013, First Special Session, Chapter 3
    - Created the Performance Incentive Fund
    - Fund received a \$2.4 million non-lapsing appropriation
    - “Beginning in fiscal year 2014-2015, the department of education shall distribute monies in the fund to school districts and charter holders based on achievement and improvement on the assigned achievement profile pursuant to section 15-241.”

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- K-12 Performance Funding
  - Recommended Changes Under Consideration
    - Increase Emphasis on Improvement
    - Reduce Volatility of Payments
    - Provide Transition Strategy to PARCC Test
    - Place Cap on Total Payments

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- District-Sponsored Charter Schools
  - Estimated Increased Costs
    - FY 2014 – \$2.7 Million
    - FY 2015 – \$27 Million

District	Proposed Conversions
Cottonwood-Oak Creek ESD	1 School
Dysart USD	4 Schools
Humboldt USD	5 Schools
Liberty ESD	3 Schools
Litchfield ESD	4 Schools
Maricopa USD	6 Schools
Mohave Valley EESD	2 Schools
Paradise Valley USD	11 Schools
Sierra Vista USD	3 Schools
Tanque Verde USD	1 School
Tucson USD	1 School
Vail USD	3 New Schools
Wickenburg USD	2 Schools
Higley USD	2 Schools
Toltec ESD	2 Schools
Crane ESD	1 School
	51 Proposed School Conversions

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- Review Process Going Forward